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UNCLAS ASUNCION 000634

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PASS TO WHA/BSC, INR/B

E.O. 12958: N/A
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SUBJECT: NEW FINANCE MINISTER PROMISES MORE OF SAME

¶1. President Duarte named Dr. Cesar Amado Barreto Otazu July 30 to head the Ministry of Finance, replacing former Minister Ernst Bergen, who resigned -- according to the media -- for personal reasons. Barreto becomes Duarte's third finance minister in four years. In his initial press statement, Barreto praised the efforts of the finance ministry and affirmed that he would not radically alter its direction. He pledged to keep fiscal accounts in order, maintain a balanced budget, and resist pre-election political interference. He indicated that the next administration would have to tackle the ongoing issue of financial reform, tacitly acknowledging his status as a lame duck in the remaining 12 months of the Duarte administration.

¶2. Barreto served as head of the Finance Agency for Development (AFD), a quasi-public development bank, from July 2006 until his appointment as finance minister. He previously served as president of the board of directors and general manager of Hutchison Telecom Paraguay from 2001 until 2005, and as executive director of economic think tank Development in Democracy in 2004-05. Barreto worked for Citibank's Paraguayan branch from 1998 until 2000, when he left to serve as economic advisor to the Chamber of Deputies' Committee on Economic Affairs. In addition, he served as economic advisor to the finance ministry's National Economic Team in 1997-98. An author of numerous economic think pieces, Barreto developed the economic program for Pedro Fadul's Beloved Fatherland Party (PPQ), although he denied affiliation with the party at the July 30 press conference.

¶3. Barreto earned his doctoral degree in economics from the National University of Asuncion in 1996. He also graduated in the mid-1990's with a master's degree in applied economics from the Pontifical Catholic University in Chile.
CASON